



Tuesday, 25 September 2012

John Hall
Chief Executive Officer
Queensland Competition Authority
GPO Box 2257
Brisbane Qld 4001

Dear Mr Hall

Asciano Response to the QCA Draft Decision on Electric Traction Services

Asciano welcomes the opportunity to comment on the July 2012 Queensland Competition Authority (QCA) Draft Decision on the QR Network proposed Electric Traction Services Draft Amending Access Undertaking (DAAU).

Asciano very strongly supports the position taken in the QCA Draft Decision to reject the DAAU.

Background

The DAAU was submitted by QR Network to the QCA in December 2011 and sought to amend the current access undertaking to address several perceived issues relating to electric traction services and pricing including:

- introduce a single electricity infrastructure tariff across the Goonyella and Blackwater system;
- require operators to pay this electricity infrastructure tariff for at least ninety per cent of services that could be operated with electric trains, even if the trains operated are diesel trains; and
- limit tariff adjustments for this electricity infrastructure tariff to five per cent.

These proposals were partly driven by concerns that diesel trains consumed more capacity than electric trains. This position was based on an analysis of QR National's above rail train operations.

The DAAU was subject to public consultation and a relatively large number of detailed submissions were made on the DAAU. Asciano made a substantial submission to this DAAU consultation process. This Asciano submission highlighted numerous flaws and concerns with the DAAU and sought that the DAAU be rejected for the reasons outlined in its submission.

Asciano notes that the majority of the other submissions to the QCA's consultation process on the DAAU raised a range of problems and concerns with the DAAU proposed by QR Network.

MELBOURNE

Level 4, 476 St Kilda Road,
Melbourne VIC 3004 Australia
Telephone: +61 3 9248 7000
Facsimile: +61 3 9699 2869

SYDNEY

Level 6/15 Blue Street,
North Sydney NSW 2060 Australia
Telephone: +61 2 8484 8000
Facsimile: +61 2 8484 8154

Email: info@asciano.com.au
www.asciano.com

ABN: 26 123 652 862



Next Steps

Asciano is concerned that in response to the QCA Draft Decision QR Network may seek to submit an amended DAAU or an alternative proposal relating to electric traction and electric tariff issues (even though any such alternative proposal may not necessarily be explicitly identified as such). In the event that QR Network responds to the QCA's Draft Decision with an amended DAAU or an alternative proposal, Asciano is very strongly seeking that the QCA undertake a further round of consultation on any such proposal. Given the robust nature of the comment on the previous DAAU Asciano strongly believes that further consultation with stakeholders is required if the QCA is to assess any alternative proposal relating to electric traction and the electric tariff.

Of particular concern to Asciano is the impact of any such alternative proposal on above rail operators. Asciano does not believe that it is appropriate for QR Network to put forward a proposal which acts to benefit its related above rail operator and / or acts to disadvantage other above rail operators.

Asciano notes that in its Draft Decision (page ii) the QCA indicates that issues with the electric tariffs may be best addressed through the next access undertaking process which will occur through the first half of 2013. Asciano believes that such an approach is appropriate.

In considering any further proposals in relation electric traction or the electric tariff (either in relation to the current Draft Decision or in relation to the next access undertaking process), Asciano believes that there is an existing regulatory and pricing structures which allow concerns about electric tariffs and capacity to be addressed. In particular an approach which builds on the already existing capacity multiplier may be a more workable solution than the proposals in the DAAU. (Asciano notes that QR Network has indicated that it would review the capacity multiplier in the next access undertaking process) (DAAU Explanatory Submission December 2011 pages 5 and 35)).

The AT2 reference tariff currently includes a capacity multiplier which seeks to take account of the fact that different trains have different operating performance which consequently impacts on network capacity. Asciano believes that a review of the numerical values currently attached to the current capacity multipliers would be a more appropriate means of addressing concerns regarding the potential for differing trains to consume different levels of network capacity. As noted by the QCA (QCA Draft Decision page 14) these capacity multipliers will need to be supported by both transparent technical studies and stakeholder input.

Asciano is willing to be involved in any review of the capacity multiplier as part of the next access undertaking (as foreshadowed by QR Network). To date Asciano is not aware of any such review being undertaken.

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Feel free to contact me on 02 8484 8056 to discuss this submission.

Yours faithfully

A handwritten signature in black ink, appearing to read "Stuart Ronan", written over a light grey rectangular background.

Stuart Ronan
Manager Access and Regulation